

May 3, 2006

Ms. Shannon R. Turner, J.D.
Commissioner
Cabinet for Health and Family Services
Department for Medicaid Services
275 East Main Street, 6W-A
Frankfort, Kentucky 40621-0001

Attention: Stephanie Brammer-Barnes

Dear Ms. Turner:

We are pleased to inform you that Kentucky's Medicaid reform plan is being approved today. In order to implement the Governor's plan, State Plan Amendments (SPAs) submitted under the following transmittal numbers are approved: 06-006; 06-007; 06-008; and 06-010.

On April 20, 2006, the Commonwealth of Kentucky submitted multiple SPAs as part of a larger Medicaid reform effort. The overall guiding principles of the Commonwealth's Medicaid reform program are to promote and improve the health status of its beneficiaries, to ensure beneficiaries receive timely and appropriate care in the right setting, and to empower beneficiaries to be active participants in their own healthcare.

Kentucky is implementing most of its reform program through the flexibilities granted under the Deficit Reduction Act of 2006 (DRA). The Commonwealth will introduce health plans tailored to better meet the needs of specific populations through the use of benchmark plans granted under section 6044 of the DRA, State Flexibility in Benefit Packages, which added section 1937 of the Social Security Act (the Act). The approval of SPA number 06-010 allows the State to provide alternative benefit packages for Medicaid beneficiaries. Kentucky will also implement a non-emergency medical transportation (NEMT) brokerage program (SPA 06-008) through section 6083 of the DRA, which added a new section 1902(a)(70) of the Act.

The approval of these SPAs will allow the Commonwealth to:

- Provide four population specific benefit packages that vary in amount, duration and scope for optional services, resulting in tailored benefit packages that meet population specific health care needs (SPA 06-007; 06-010);
- Require beneficiaries to share in the cost of covered services; however for those individuals covered under the benefit flexibility of DRA, cost sharing has been reduced from current Medicaid State plan levels (SPA 06-006; 06-010);

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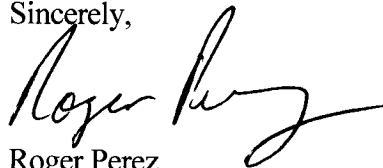
- Provide Disease Management Programs that will be developed and phased in by geographic area to assist beneficiaries with specific chronic illnesses. Also, "Get Healthy" Benefits will be established under the Disease Management Program, to provide incentives to Medicaid beneficiaries practicing healthy behaviors (SPA 06-010); and
- Promote private health insurance coverage. All Kentucky Health Choices beneficiaries, with the exception of children, may elect to voluntarily opt-out of Medicaid into Employer Sponsored Insurance (ESI) when the beneficiary has access to ESI (SPA 06-010).

Prior to implementation, the Department for Medicaid Services must comply with Federal requirements of advance public notice, which can include, but are not limited to State website posting or public service announcements.

Approval of these SPAs is limited to the scope of the submitted benefit provisions and does not constitute approval of any change in reimbursement methodologies, new reimbursement methodologies, or change in the sources of non-Federal share funding utilized by the Commonwealth to make such Medicaid payments.

Enclosed is a copy of the approved plan pages and the HCFA-179 forms. If you have any questions, please contact Ms. Jean Sheil, Director of the Family and Children's Health Programs Group at 410-786-5647. We congratulate Kentucky on its pioneering efforts to implement the flexibility afforded to states under the DRA.

Sincerely,



Roger Perez
Acting Regional Administrator

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
06-007

2. STATE
Kentucky

R: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
June 1, 2006

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
Deficit Reduction Act of 2005

7. FEDERAL BUDGET IMPACT:

a. FFY 2006 (decrease of
expenditures by approximately \$163,487)

b. FFY 2007 (decrease of
expenditures by approximately \$1.962 million)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 3.1-A, pages 3, 7.1.3, 7.1.4, 7.2.1(b), 7.2.1(e), 7.3.1(c),
7.4.4(b), 7.5.3, 7.6.1(c)
Att. 3.1-B, pages 3, 17, 18, 23, 23.3, 25.1, 30, 31.2, 31.5(c)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Same, except that Att. 3.1-A, page 7.6.1(c) and Att. 3.1-B,
page 31.5(c) are new pages to the state plan

10. SUBJECT OF AMENDMENT:

Service Limits

11. GOVERNOR'S REVIEW (*Check One*):

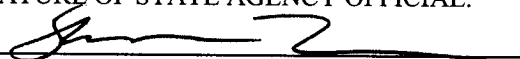
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Review delegated
to Commissioner, Department for Medicaid
Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME: Shannon Turner, J.D.

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED:

4/21/06

16. RETURN TO:

Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, Kentucky 40621

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

April 21, 2006

18. DATE APPROVED:

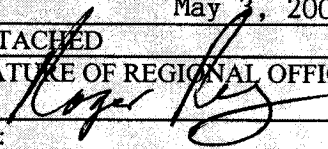
May 3, 2006

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

April 1, 2006

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Roger Perez

22. TITLE:

Acting Regional Administrator

23. REMARKS: Approved with the following changes as authorized by the State Agency on e-mail dated 5-4-06: Item 4: Changed to read: "April 1, 2006 with an implementation date of May 15, 2006"; Item 8: Delete reference to Att. 3.1-A, page 7.6.1(c) and Att. 3.1-B, page 31.5(c); Item 9: Change to read: "Same".

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND
REMEDIAL CARE AND SERVICES PROVIDED TO THE
CATEGORICALLY NEEDY

Commonwealth Global Choices

b. Optometrists' services.

☒ Provided: ☐ No limitations ☒ With limitations* ☐ Not Provided.

c. Chiropractors' services.

☒ Provided: ☐ No limitations ☒ With limitations* ☐ Not provided.

d. Other Practitioners' Services

☒ Provided: ☐ No limitations ☒ With limitations* ☐ Not provided.

7. Home Health Services

- a. Intermittent or part-time nursing services provided by a home health agency or by a registered nurse when no home health agency exists in area.

☒ Provided: ☐ No limitations ☒ With Limitations* ☐ Not provided.

- b. Home health aide services provided by a home health agency.

☒ Provided: ☐ No limitations ☒ With limitations* ☐ Not provided.

- c. Medical supplies suitable for use in the home.

☒ Provided: ☐ No limitations ☒ With limitations* ☐ Not provided.

*Description provided on attachment.

TN No.: 06-007Approval Date: 05/03/06Effective Date: 04/01/06

Supersedes

TN No.: 03-006Implementation Date: 05/15/06

Commonwealth Global Choices

B. Hearing Services

(1) Audiological Benefits

- (a)** Coverage is available only for recipients under age 21 and is limited to the following services provided by certified audiologists:
 - i.** Complete hearing evaluation one time per year;
 - ii.** Hearing aid evaluation one time per year;
 - iii.** A maximum of three follow-up visits within the six month period immediately following fitting of a hearing aid such visits to be related to the proper fit and adjustment of that hearing aid; and
 - iv.** One follow-up visit six months following fitting of a hearing aid, to assure a patient's successful use of the aid.
- (b)** Services not listed above will be provided when medically necessary upon appropriate pre-authorization through the EPSDT Program.

Commonwealth Global Choices

- (b) Exception to the above limitations may be made through preauthorization if need is indicated in the individual case.

(2) Hearing Aid Benefits

Coverage is provided only for recipients under age 21 on a pre-authorized basis for any hearing aid model recommended by a certified audiologist so long as that model is available through a participating hearing aid dealer.

C. Vision Care Services

- (1) Optometrists' services are provided to children under 21 years of age. Coverage includes writing of prescriptions, services to frames and lenses, and diagnostic services provided by ophthalmologists and optometrists, to the extent the optometrist is licensed to perform the services and to the extent the services are covered in the ophthalmologist portion of the physician's program. Eyeglasses are provided only to children under age 21. Coverage for eyeglasses is limited to one (1) pair of eyeglasses per year per person.
- (2) If medical necessity is established, these limitations do not apply to EPSDT eligible children in accordance with 1905 (r)(5) of the Social Security Act.

Commonwealth Global Choices**(6) Medical care and Any Other Type of Remedial Care**

- (b) Optometrists' services are provided to both the categorically needy and the medically needy. Such coverage includes writing of prescriptions, diagnosis, and provision of treatment to the extent such services are within the lawful scope of practice (licensed authority) of optometrists licensed in the state of Kentucky. The following limitations are also applicable:

- 1) Provision of eyeglasses is limited to recipients under age twenty-one (21) one time per year.
- 2) Contact lenses are not covered.
- 3) Telephone contacts are not covered.
- 4) Safety glasses are covered when medically necessary subject to prior authorization requirements described in material on file in the state agency.
- 5) If medically necessary, prisms shall be added within the cost of the lenses.

If medical necessity is established, these limitations do not apply to EPSDT eligible children in accordance with *1905 (r)(5)* of the Social Security Act.

- (c) Chiropractic services are provided with the following limitations:

- 1) Fifteen (15) chiropractic visits per year for recipients age 21 and older.
- 2) Seven (7) chiropractic visits per year for recipients under 21 years of age.

Commonwealth Global ChoicesOther Licensed Practitioners' Services (continued)

- (d) Ophthalmic dispensers' services, limited to dispensing service or a repair service (for eyeglasses provided to eligible recipients), are covered. The following limitations are also applicable:

- (1) One pair of eyeglasses per year is covered only for recipients under age 21;
- (2) Telephone contacts are not covered;
- (3) Contact lens are not covered;
- (4) Safety glasses are covered when medically necessary subject to prior authorization requirements described in material on file in the state agency.

COMMONWEALTH GLOBAL CHOICES

7.d. Physical therapy, occupational therapy, or speech pathology and audiology services provided by a home health agency or medical rehabilitation facility

Physical therapy, occupational therapy, speech pathology services, or speech/hearing/language therapy services provided by a home health agency must be ordered by a physician, physician assistant or advanced registered nurse practitioner, be prior authorized, provided in accordance with an approved plan of care and provided in the individual's residence.

Occupational therapy and physical therapy are limited to fifteen visits per twelve months. Speech pathology services and speech/hearing/language therapy are limited to ten visits per twelve months.

Audiology services are not provided under this component. Physical therapy, occupational therapy, speech pathology, or speech/hearing/language therapy services provided by a medical rehabilitation facility are not provided under this component.

COMMONWEALTH GLOBAL CHOICES

11. Physical Therapy and Related Services

A. Physical Therapy

Coverage is limited to:

- (1) The provision of such services when provided to inpatients of acute participating hospitals and skilled nursing facilities or to residents of intermediate care facilities for individuals with mental retardation or developmental disabilities as part of an approved plan of treatment; or
- (2) The provision of such services when provided through participating home health agencies or hospital outpatient departments; and
- (3) Fifteen visits per twelve months.

B. Occupational Therapy

Coverage is limited to:

- (1) The provision of such services through a participating home health agency or when provided to patients in skilled nursing facilities or intermediate care facilities for individuals with mental retardation or developmental disabilities as part of an approved plan of treatment.
- (2) Fifteen visits per twelve months.

C. Services, Including Speech, Hearing and Language Therapy, for Individuals with Speech, Hearing and Language Disorders Provided by or under Supervision of a Speech Pathologist or Audiologist

(1) Speech Disorders

Coverage is limited to:

- (1) The provision of such services when provided to inpatients of acute participating hospitals and skilled nursing facilities or to residents of intermediate care facilities for individuals with mental retardation or developmental disabilities; or
- (2) The provision of such services when provided through participating home health agencies or in hospital outpatient departments; and
- (3) Ten visits per twelve months.

Commonwealth Global Choices

b. Dentures

Dentures are not covered for adults. Dentures may be covered for children through the Early, Periodic, Screening, Diagnosis and Treatment Program (E PSDT).

c. Prosthetics

Prosthetic devices are covered under durable medical equipment in accordance with Attachment 3.1-A, page 13.

d. Eyeglasses

Eyeglasses are not covered for adults. One pair of eyeglasses per year is covered for children through the vision program.

AMOUNT, DURATION, AND SCOPE OF MEDICAL AND
REMEDIAL CARE AND SERVICES PROVIDED TO THE
MEDICALLY NEEDY

Commonwealth Global Choices

6. Medical care and any other type of remedial care recognized under State Law, furnished by Licensed practitioners within the scope of their practice as defined by State Law.

a. Podiatrists' services.

☒ Provided: ☐ No limitations ☒ With Limitations* ☐ Not provided.

b. Optometrists' services.

☒ Provided: ☐ No limitations ☒ With Limitations* ☐ Not provided.

c. Chiropractics' services.

☒ Provided: ☐ No limitations ☒ With Limitations* ☐ Not provided.

d. Other Practitioners' Services

☒ Provided: ☐ No limitations ☒ With Limitations* ☐ Not provided.

7. Home Health Services

a. Intermittent or part-time nursing services provided by a home health agency or by a registered nurse when no home health agency exists in area.

☒ Provided: ☐ No limitations ☒ With Limitations* ☐ Not provided.

b. Home health aide services provided by a home health agency.

☒ Provided: ☐ No limitations ☒ With limitations* ☐ Not provided.

c. Medical supplies suitable for use in the home.

☒ Provided: ☐ No limitations ☒ With limitations* ☐ Not provided.

d. Physical therapy, occupational therapy, or speech pathology and audiology services provided by a home health agency or medical rehabilitation facility.

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*Description provided on attachment.

TN No.: 06-007

Approval Date: 05/03/06

Effective Date: 04/01/06

Supersedes

TN No.: 03-006

Implementation Date: 05/15/06

Commonwealth Global Choices

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Commonwealth Global Choices**Other Licensed Practitioners' Services (continued)**

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AMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL CARE AND
SERVICES PROVIDED TO THE MEDICALLY NEEDY

COMMONWEALTH GLOBAL CHOICES

7.d. Physical therapy, occupational therapy, or speech pathology and audiology services provided by a home health agency or medical rehabilitation facility

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COMMONWEALTH GLOBAL CHOICES

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A. Physical Therapy

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- (2) The provision of such services when provided through participating home health agencies or hospital outpatient departments; and
- (3) Fifteen visits per twelve months.

B. Occupational Therapy

Coverage is limited to:

- (1) The provision of such services through a participating home health agency or when provided to patients in skilled nursing facilities or intermediate care facilities for individuals with mental retardation or a developmental disability as part of an approved plan of treatment.
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Commonwealth Global Choices

b. Dentures

Dentures are not covered for adults. Dentures may be covered for children through the Early, Periodic, Screening, Diagnosis and Treatment Program (E PSDT).

c. Prosthetics

Prosthetic devices are covered under durable medical equipment in accordance with Attachment 3.1-B, page 39.

d. Eyeglasses

Eyeglasses are not covered for adults. One pair of eyeglasses per year is covered for children through the vision program.